

Message Text

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ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

INT-08 L-03 H-03 DODE-00 PA-03 USIA-15 PRS-01 TAR-02

NSCE-00 RSR-01 /156 W

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R 260315Z JUL 73

FM USLO PEKING

TO SECSTATE WASHDC 478

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0656

E.O. 11652: GDS

TAGS: ETRD, CH, US

SUBJECT: PRC INTEREST IN EXPANDING SINO-US TRADE IN

METALS AND MINERALS

1. DURING JULY 25 INTRODUCTORY CALL BY USLO OFFICERS HOROWITZ AND ROPE, CHINA NATIONAL METALS AND MINERALS IMPORT AND EXPORT CORPORATION (MINMETALS) GENERAL MANAGER T'IENT KUANG-T'AO PROVIDED A WARM AND FRIENDLY RECEPTION. HE ALSO EXPRESSED STRONG INTEREST IN EXPANDING SINO-US METALS AND MINERALS TRADE. THE CONVERSATION TOUCHED ON TWO AREAS OF POSSIBLE EXPORT OPPORTUNITIES FOR THE US, STEEL SCRAP AND STEEL PRODUCTS.

2. T'IENT BEGAN BY SAYING THAT PRC EXPORTS OF METALS (MOSTLY ANTIMONY REGULUS AND TIN INGOT) HAVE SO FAR AMOUNTED TO ONLY DOLS TWO MILLION, WHILE CHINA'S CONTRACTED IMPORTS FROM THE US, MOSTLY STEEL SCRAP FOR DELIVERY IN 1973, HAVE REACHED \$20 MILLION. HE INTRODUCED MINMETALS EXPORT DIVISION CHIEF CHI KUANG-CH'UAN, WHO OUTLINED THE CORPORATION'S EXPORT LINE, ASKED FOR INFORMA-
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TION ON WHICH PRODUCTS WOULD HAVE THE GREATEST POTENTIAL

IN THE US MARKET, AND ASKED OUR ASSISTANCE IN PROMOTING INCREASED AMERICAN PURCHASES. WE RESPONDED BY SUGGESTING THAT MORE AMERICANS BE INVITED TO CANTON FAIRS TO MEET WITH MINMETALS OFFICIALS AND THAT LARGER ALLOCATIONS OF TIN AND ANTIMONY BE MADE AVAILABLE TO THEM WHEN THEY COME. WE ALSO AGREED TO WRITE TO THE DEPT OF COMMERCE FOR INFORMATION ON THE US MARKET'S POTENTIAL.

3. TURNING TO US EXPORTS, T'EN INDICATED THAT CHINA HAS AN IMPORTANT AND CONTINUING NEED FOR US STEEL SCRAP AND IS WORRIED ABOUT CURRENT US EXPORT CONTROLS ON THIS COMMODITY. HE EXPRESSED HIS UNDERSTANDING THAT THE CONTROLS WILL LAST UNTIL THE END OF THIS MONTH AND ASKED IF WE COULD PROVIDE SOME CLARIFICATION AS TO WHAT THE SITUATION WILL BE AFTER JULY 31.

4. RESPONDING TO OUR COMMENT THAT INTERNATIONAL CURRENCY ADJUSTMENTS OVER THE PAST TWO YEARS MAY HAVE RENDERED US STEEL PRODUCERS MORE COMPETITIVE IN THE CHINA MARKET, T'EN AGREED IT WOULD BE A GOOD IDEA TO INVITE AT LEAST ONE AMERICAN STEEL FIRM TO THE NEXT CANTON FAIR (US STEEL ATTENDED LAST SPRING, BUT ONLY TO DISCUSS OILFIELD EQUIPMENT). T'EN ALSO ASKED FOR INFORMATION ON THE TYPES OF ORDINARY AND SPECIAL STEEL PRODUCTS WHICH US FIRMS EXPORT, INCLUDING DETAILED SPECIFICATIONS ON EACH PRODUCT. WE AGREED TO SEEK SUCH INFORMATION, BUT INDICATED WE WILL ALSO RECOMMEND THAT US STEEL COMPANIES CORRESPOND WITH MINMETALS DIRECTLY.

5. ACTION REQUESTED: USLO RECOMMENDS THAT COMMERCE ALERT US STEEL EXPORTERS TO T'EN'S EXPRESSION OF INTEREST. WE WOULD ALSO APPRECIATE RECEIVING INFORMATION ON THE PRESENT AND PROBABLE FUTURE STATUS OF STEEL SCRAP EXPORT CONTROLS SO THAT WE CAN BE RESPONSIVE TO T'EN'S REQUEST.
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